

**STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES
DIVISION OF MINING, LAND AND WATER**

**Southeast Regional Land Office
Amended Preliminary Decision**

ADL 108655
Southern Energy Inc.
Application for Easement
AS 38.05.850

This Amended Preliminary Decision, and all attachments hereto, supplement the Preliminary Decision dated **July 11, 2018**.

Executive Summary: This summary is designed to provide an overview of the changes between the initial preliminary decision, issued July 11, 2018, and this amended preliminary decision, issued in response to the comments received after publication of the initial preliminary decision. The amended preliminary decision significantly reduces the acreage of the easement during the period the improvements are being constructed (the early entry authorization period) and the acreage of the easement itself after the improvements are completed. During the early entry authorization, the acreage has been reduced from 65 acres to 24 acres. This reduction is the result of three changes. First, the proposed easement portion for the Sunshine Mountain Road and the development of a spur road from Sunshine Mountain Road to the proposed penstock line and access road, meant to provide alternative access, have been eliminated (see further discussion in section 4. below). Second, the widths of the remaining easement corridors have been reduced as discussed in section 6. below. Finally, the half-acre staging area near the dam sites has been eliminated as discussed in section 7. below. The final easement area will be less than 24 acres because the widths of the easement corridors will be reduced after construction – during the early entry authorization period – is complete. The exact size of the final easement will be determined by the Record of Survey As-built. Because the size of the easement has been significantly reduced, the annual fee paid by the applicant and the performance guaranty (bonding) have also been significantly reduced, as explained below on page seven in the last section before the signature block. Finally, the term of the easement has been modified from 30 years to 50 years, as explained in section 3.

Summary of Agency and Public Comments Received During the Public Notice Period:

One comment was received in general support of the proposed hydropower project and the associated easement. The commenter noted that the Upper Chilkat Valley needed a new and cheaper electricity source, and that reduced electricity prices would help his woodworking business.

DMLW's Response:

DNR DMLW is primarily concerned with assessing whether the requested land use is compatible with the applicable area plan and other land use and natural resource considerations. DMLW usually does not make an extensive economic analysis of a proposed land use. In this case, DMLW makes no assumptions on the impacts of the project on electricity rates for area residents or businesses.

The Applicant, Southern Energy Inc., commented extensively on the preliminary decision. The entirety of Applicant's comments can be found in Attachment A. The following summarizes the Applicant's questions and provides DMLW's response.

1. The entry authorization period should be extended to May 1st, 2026, due to the need to secure additional permits.

DMLW's Response:

The entry authorization (EA) period is generally three years from the effective date of the authorization. Here, considering the nature of the project, and the need for the Applicant to secure additional authorizations and financing for the project, the EA period will be extended to five years from the effective date of the authorization.

2. How much are survey instruction fees for the proposed easement (ADL 108655)? And is there also a survey instruction fee for the requested lease (ADL 108656)?

DMLW's Response:

Under 11 AAC 05.240(d)(1)(A)(vii)-(ix) and Director's Fee Order # 3, the survey instruction fee for this proposed easement will be \$240 for the first linear mile and then \$120 for each additional 6 mile segment or portion thereof in excess of 1 mile in length. As the proposed length of this easement is less than 6 miles, the survey instruction fee will be \$360.00.

Under 11 AAC 05.240(d)(1)(A)(iii) and Director's Fee Order # 3, the fee for survey instructions for an upland lease site is \$1200.00 for up to 40 hours of staff time.

Additionally, survey instructions are unique to each site and project, and for this reason formerly issued survey instructions cannot be used for different sites and projects. Additional plat review fees may also apply.

3. The Applicant requests to have the easement term extended from 30 years to 50 years.

DMLW's Response:

The life expectancy of the dams with continued maintenance is expected to exceed 30 years, and as such it is reasonable to extend the term of the easement to coincide with the life expectancy of the dams. The Preliminary Decision is hereby amended to propose a 50-year term for the easement, so long as it is used for the intended purposes of the easement.

4. The Applicant requests to eliminate the proposed use and easement portion for Sunshine Mountain Road and the development of a spur road from Sunshine Mountain Road to the proposed penstock line and access road.

DMLW's Response:

Eliminating the Applicant's proposed use of Sunshine Mountain Road and spur road development from the proposed easement is acceptable. The Applicant's proposed use of Little Salmon River Road and the development of the penstock route and access road will provide sufficient access to

the project sites and for increased recreational access by the public after the project is completed while eliminating approximately 1.6 miles of new road development.

5. The Applicant requests to eliminate all portions of the easement through CRM, T 28 South, R 55 East.

DMLW's Response:

A portion of the easement within CRM, T 28 South is required for the use and maintenance of Little Salmon River Road. As this road is existing, the width of this portion of the easement will be reduced to 15 feet.

6. The Applicant requests to reduce the width of several easement portions to reduce the overall acreage of the easement area during the EA period.

DMLW's Response:

DMLW will reduce the width of the requested easement segments as set forth in the following. After eliminating the Applicant's use of Sunshine Mountain Road and the associated spur road development, and reducing the width of the easement over existing portions of Salmon River Road, the Legal Description in Section V of the Preliminary Decision is amended accordingly:

Copper River Meridian, Township 28 South, Range 55 East, Sections 27, 33, & 34
Copper River Meridian, Township 29 South, Range 55 East, Sections 1, 2, & 3.
Copper River Meridian, Township 29 South, Range 56 East, Section 6.

For surface access and maintenance of the existing Salmon River Road in CRM, T 28 South, R 55 East, Sections 27, 33, & 34:

Width: 15' Length: 10,560' Acreage: 3.6

For use of the existing Little Salmon River Road and the installation and maintenance of a buried transmission line within the Little Salmon River Road right-of-way corridor (66 feet in width) within CRM, T 29 South, R 55 East, Section 1; & CRM, T 29 South, R 56 East, Section 6:

Width: 30' Length: 5280' Acreage: 3.6

For installation and maintenance of a penstock and access road within CRM, T 29 South, R 55 East, Sections 1, 2, & 3:

Width: 50' Length: 13,728 Acreage: 15.8

Total Easement Acreage: 24

The total easement area during the EA period and until the final easement is issued will be 24 acres. Once DMLW has determined that the construction phase of the project is complete, the final easement may be issued for only the new sections of road created from Little Salmon River Road

to the dam sites, and for the utility line easement along Little Salmon River Road within CRM, T 29 South, R 55 East, Section 1; & CRM, T 29 South, R 56 East, Section 6.

7. The Applicant posits that because DMLW is requiring them to clear and grade an approximate half-acre area next to the eastern dam site for use as a staging area during construction, and after construction for the future use by DNR for a recreational site, that the Applicant should receive a reduction in the annual use fees.

DMLW's Response:

This issue is now moot because DMLW will not require the Applicant to clear and grade a half-acre area in the vicinity of the dam sites. This is because the Division of Forestry has indicated to DMLW that it does not need a recreational site at this location and the Applicant has indicated that it does not need this area for staging or storage of equipment or materials. Any equipment or materials needed in the vicinity of the dam sites during construction shall be stored within the 15.8-acre penstock and access road within CRM, T 29 South, R 55 East, Sections 1, 2, and 3, described above in the previous section.

8. The Applicant notes the collateral benefits of the project for increased public recreation access to Walker Lake as an additional value that the project provides to the State, and argues that the State should waive all use fees for the easement.

The Haines State Forest Management Plan designates the dam site area as Public Recreation Land. *“Public Recreation Land will primarily be managed for the purposes of maintaining and enhancing the use of these areas for public recreational uses... Private, commercial or not-for-profit operations are allowed within areas classified Public Recreation land, but all such uses must be compatible with the management intent and management guidelines of specific units.”*¹ Because of the management intent established in the HSFMP, the value of the collateral public access benefits of the project are only considered as part of the totality of DMLW's decision as to whether or not the requested use is appropriate for the area, not for the purposes of determining use fees. As the Applicant is not a public and charitable entity and does not have a certificate of public necessity from the Regulatory Commission of Alaska, 11 AAC 05.070(d)(2)(A)(i) and Director's Order # 3 apply. Therefore, the per acre annual use fee for a private non-exclusive easement is \$240 per acre. There is no process in law, regulation, or otherwise for reducing or waiving this per acre fee.

9. The Applicant comments that any discussion towards a “Maintenance Agreement” with DMLW and the Division of Forestry should consider that there has been no prior maintenance of these roadways and there continues to be none. The current roadways are not maintained to any acceptable standard of construction and the applicant wants to be on record regarding the same. Other users must proportionately bear the maintenance responsibility for their use of the roads.

DOF's Response:

Little Salmon River Road receives periodic maintenance and meets the AKDOF Road Standard for a permanent Secondary Road. The right-of-way width on the Little Salmon Road is 66 feet. In the

¹ Haines State Forest Management Plan, p. 2-24.
ADL 108655 – Southern Energy Inc.
Amended Preliminary Decision

last three years no maintenance funding has been allocated to this road, but that has not reduced the road condition to sub-AKDOF standards. The applicant intends on placing the power line “in the existing road bed” of the Little Salmon River Road. This use may not prevent, impact, or restrict the use of the Little Salmon River Road at any time for its intended use as a forest management road according to the Haines State Forest Management Plan, except during an temporary closure during the placement of the power line by the Applicant.

Protection of and/or replacement of existing crossing structures in the Little Salmon River Road to allow for the installation of the power line in the road bed material will be the responsibility of the Applicant and must be coordinated and approved by AKDOF Haines Forester. Four “fish passage” culverts exist in the Little Salmon River Road that may be impacted by the proposed power line location on the Haines State Forest. ADF&G, Division of Habitat may require permits for a change to existing culverts.

DMLW’s Response:

The final Road Construction and Maintenance Requirements for ADL 108655 (Requirements) are referenced in the Entry Authorization and the Easement and will become stipulations as part of this authorization upon execution by the parties. The Requirements include DOF’s requirement to maintain public access on Little Salmon Road, excepting approved temporary closures during installation of the transmission line. Furthermore, the Road Construction and Maintenance Requirements includes the requirement that other commercial users of the road to enter into equitable agreements with DOF for impacts to the road. The Road Construction and Maintenance Requirements are not intended to require the Applicant to resurface the road, but rather to ensure awareness that the Applicant, not the State, is responsible for preparing the road for its uses, and to ensure that the Applicant’s use does not degrade the road in such a way as to impact other public uses.

10. The Applicant asks why material pits must be approved by ADNR.

DMLW and DOF’s Response:

Material sites (pits) developed to complete the project design located in the Haines State Forest must be approved by AKDOF Haines Forester prior to development. If the Applicant brings material from outside of the Haines State Forest for use in the project, the Applicant shall ensure that the material will not harm the Haines State Forest and must request approval for use of off-site material from the AKDOF Haines Forester before placing such material in the Haines State Forest.

If the Applicant extracts material from a site located in a productive state forest, the Applicant will be required to be reclaim the site to conditions which will support forest growth at the Applicants’ expense after closure of the material site. Additionally, a forest “production loss” cost will be determined on a per acre value based on the market value of timber present at the stage of growth when the site development occurs. The applicant will compensate the State for this loss in production of commercial forest in the amount assessed.

If a material site located in productive forest will remain in use through the lease period or cannot be returned to a condition that supports forest regeneration, the area removed from forest

productivity will be assessed a per acre value based on the market value of timber expected at the end of a rotation, or end of lease period if terminated.

All material sites located on the Haines State Forest will follow policy management guidelines for the protection of other resources.

The areas of the Haines State Forest included in the diagram provided by the applicant requiring development for the project are located in subunits 3F, 3G, and 3H. The power house development occurs in 3H, the pipeline passes through 3F, 3G, and 3H and the dam sites exist in 3H. Material sales are not allowed in subunits 3G and 3H.

11. The Applicant raises concerns regarding use of the penstock route after construction and emphasizes that it is intended for “limited access” public use. The Applicant also objects to having to develop a Recreation Management Plan for approval by the AKDOF Haines State Forester.

DMLW’s Response:

The Applicant is being required to develop all road sections to AKDOF spur road standards. Prior to any of the Applicant’s developed roads being used for commercial purposes, including commercial timber harvest, AKDOF or its contractor is required to enter into a joint use road maintenance agreement per the Road Construction & Maintenance Requirements. As part of the joint use agreement, the Applicant may require indemnification or reasonable guarantees that will reduce the risk of damage to the road or penstock, and or ensure that any damage to improvements are remedied in a timely manner.

As for the scope of public access, the purpose of requiring the Applicant to develop a recreation management plan is to ensure that it is an active stakeholder in the management of recreational uses surrounding its investments and improvements. While the Applicant is not in the business of managing public recreation, its project is in an area that is designated for public recreation. As mentioned above, DMLW’s determination of appropriate uses within this area require that public recreation be considered and planned for in a land use authorization. The Applicant will be responsible for developing plans for limiting access to certain areas required for the operation and safety of the hydropower project. It is foreseeable that the Applicant will want to limit access to and around its powerhouse, and the Applicant is in a better position to propose how best to do so. Similarly, informative and cautionary signage will likely be required near the dam sites, water intake area, and penstock. The Applicant has the best knowledge of what areas should restricted to public access and the specific dangers to the public. The Applicant will be responsible for creating and placing the appropriate signage and barriers around its improvements. However, the Applicant must do this in a manner that does not negatively impact the natural scenery, or overly restrict public access and recreational opportunities in the area. Therefore, the Applicant’s Recreation Management Plan will need to be approved by the Haines State Forester to ensure that the management intent of the Walker Lake area is preserved. The management plan should also address vehicle access, if any, and the scope of public use of the penstock route.

The Preliminary Decision for ADL 108655 is modified in accordance with the preceding discussion. Specifically, the following sections of the Preliminary Decision are modified:

- **Section V. Legal Description** is modified as set forth in 4. and 6. above.

- **Section XII. Performance Guaranty** (PG) is modified to require a PG of \$25,000 during the construction phase of the project. After construction and submission of required reports and surveys, the Applicant may request that the State release \$15,000 of the PG, the State shall retain \$10,000 to be held for the lifetime of the project, to ensure compliance. The State reserves the right to require additional financial assurance at any time during the lifetime of the project.
- **Section XV. Fees/Appraisal** is modified, because of the reduced acreage of the easement from 65 acres to 24 acres (Section V.), to require an annual fee of \$5,760 (\$240 x 24 acres). Once an as-built survey is complete, the annual fee will be established based on the actual as-built acreage.
- **Section XVI. Term**
 - o **EA Term** is modified to five years, or shorter, if the easement is issued prior to the EA expiration.
 - o **Easement Term** is modified to 50 years, or shorter if the easement is no longer used for the requested purpose or otherwise terminated pursuant to the Easement or Stipulations.

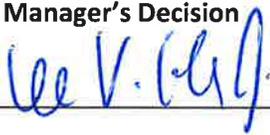


Chris Carpeneti, Acting Natural Resource Manager I

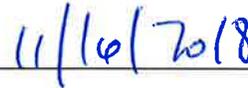


Date

Regional Manager's Decision



Lee V. Cole, Jr., Southeast Regional Manager



Date

- Attachments: A – Comments submitted by Southern Energy
 B – Updated Development Plan and Map

PUBLIC NOTICE, FINAL DECISION AND APPEAL PROCESS:

In accordance with the provisions of AS 38.05.945, public notice seeking comments on this preliminary decision will be given to: Sealaska Corporation; Central Council of the Tlingit and Haida Indian Tribes; Chilkoot Indian Association; Chilkat Village or Klukwan; Klukwan Incorporated; Haines Borough; those parties that have previously requested written notice. We will also request that the Haines Post Office post the notice. It will be available on the internet as the Alaska Online Public Notice website, which can be accessed at www.state.ak.us.

The public is invited to comment on this preliminary decision. Comments must be received in writing by the DNR Division of Mining, Land & Water by mail at 400 Willoughby Avenue, P.O. Box 111020, Juneau, AK 99811-1020; by fax at (907) 465-3886; or by electronic mail to chris.carpeneti@alaska.gov by the close of business on **December 10, 2018** to ensure consideration. Please include your mailing address and telephone contact. In order to establish appeal rights regarding this decision, you are required by law to meaningfully participate in the decision process by commenting on the decision, in writing, prior to the comment deadline. Following the deadline, all timely written comments will be considered, and DNR may modify this decision based on public comments received.

If DNR determines that public comments in response to this notice indicate the need for significant changes to the decision, additional public notice will be given. If no significant changes are required, the preliminary decision, after any necessary minor changes, will be issued as a final decision. A copy of the final decision, along with instructions on filing an appeal, will be sent to all persons who comment on the preliminary decision. Persons who do not submit written comments during the comment period will have no legal right to appeal the final decision.

Southern Energy Inc.
P.O. Box 489
Haines, Alaska 99827
Tele #: (907) 766-2899; Fax #: (907) 766-2699
John Floreske Jr., President
Email: northern@aptalaska.net

August 13th, 2018
Adam Moser
Natural Resource Specialist III
Alaska Dept. of Natural Resources
Division of Mining, Land & Water, SE Region
P.O. Box 111020
Juneau, Alaska 99811-1020
Email: adam.moser@alaska.gov

Re: Notice of Proposed Easement/EA
ADL108655 - Comments

Dear Mr. Moser,

The following are our comments to the Notice of Proposed Easement and the Draft Entry Authorization for our Walker Lake Hydroelectric Project:

Comments for the Early Entry Authorization:

- The Authorization should be effective beginning May 1st, 2019 and ending May 1st, 2026 (Seven Years) unless sooner terminated.
- Change the annual use fee to \$4824 from the shown \$15,600 to reflect the reduced area in the Easement.
- We would like to be informed of the amount that ADNR now charges for survey instructions as this seems to be a new charge that we have not encountered before. Our recent review of the "Director's Order", (31 pages long...), leads us to believe that you will be charging us for AS 38.04.065 for this Easement and then again on the Lease - AS 38.04.045? This per our reading would be \$1200 for each? Your verification would be helpful.
- Please note the Final Bear Safety Management Plan and the Final Hazardous Substance Management Plan have previously been filed in April of 2018.

Comments for the Easement:

- Page 1 of 12, Section I. Proposed Action. Change 30 year to 50 year.
- Page 2 of 12, Section V. Legal Description.

28 South Portion: Reduce the length to zero, (0), as due to recent on site analysis we do not require that portion of the access coming off Sunshine Mountain Road or what we have referred to as the “spur” road.

29 South Portion: Change as follows –

Width: 12’ Length: 21,120 Acreage: 5.8

This reduction is because of the need to stay within the existing road prism.

Width: 50’ Length: 12,500’ Acreage: 14.3

The prior 100’ width is no longer necessary for our purposes.

- Page 5 of 12, Section IX. Agency Review – ADFG comments. Item #4. The Bear Safety Program Final document was delivered to ADNR’s offices in April of 2018 after agency review. Note DMLW has it referenced correctly regarding our submittal and ADFG’s review and comment on page 7 of 12, Section XI. Environmental Considerations, paragraph 3.
- Page 5 of 12, Section IX. Agency Review – OHA comments. We object to any requirement that a cultural resource professional (CRP) be hired to conduct an assessment when there are no known cultural resource sites within the project area. We have no objection to photographs being taken by our staff or existing State permitting agency staff such as ADNR or ADF&G to identify potential, if any, conflicts that may present themselves from an on-ground survey. Thus we agree with DMLW’s response to OHA.
- Page 6 of 12, Section X. Access. As noted in our response in the defining of the “Legal Description” above this section defining the access should also be changed to drop the access off of Sunshine Mountain Road and the Spur. Thus the “private non-exclusive” easement from DMLW would not be necessary for those sections.

August 13th, 2018 – Proposed Walker Lake ADL108655 EA/Easement Draft Comments:

- Page 7 of 12, Section XII. Performance Guaranty. Paragraph two. Reduce the \$65,000, (old acreage), and base it upon the new acreage, (20.1 acres), requested which should be now \$20,000. Change the amount the applicant can request be returned from the previous \$40,000 to \$15,000 to reflect the reduction in the performance guarantee above to \$20,000.
- Page 8 of 12, Section XIV. Survey. Similar to EA comments. Can you please provide the applicant the expected charges for requesting “survey instructions”? We have the survey instructions from our prior two hydroelectric projects, (Lutak and 10 Mile) and were not charged for those during those easement processes. Can we not just use those survey instructions previously supplied by ADNR without having to incur additional instruction charges?
- Page 9 of 12, Section XV. Fees/Appraisal. Reduce the annual fee to \$4824 based upon the reduction to acreage references in our response to Section V on page 2 of this response.
- Page 9 of 12, Section XVI. EA Term. Due to the extended nature of permitting on this project we would request you change the EA term to 7 years.
- Page 9 of 12, Section XVIII. Discussion. Road Maintenance. As noted previously in this response the Applicant has only recently determined that the route off of Sunshine Mountain Road and the Spur will not be necessary for our easement purposes. Thus the language in this Section should be revised accordingly. We do plan to continue our use of Little Salmon River Road. Any discussions towards a “Maintenance Agreement” with DMLW and the Division of Forestry shall take into account that there has been no prior maintenance of these roadways and there continues to be none. The current roadways are not to any acceptable standard of construction and the applicant wants to be on record regarding the same. Other users must proportionately bear the maintenance responsibility for their use of the roads.

August 13th, 2018 – Proposed Walker Lake ADL108655 EA/Easement Draft Comments:

- Use of the Penstock route/easement is intended, and always has been, a “limited access” public use. Only four wheelers and walk in use is to be allowed by the public. The applicant will place a gate to ensure this restricted access is not infringed upon. The applicant is not constructing the Penstock access road for “timber harvesting” and other heavy load types, nor would we allow such use for concern of damage to our Penstock.
- Page 10 of 12, Public Access. We object being the designated party which should develop a “Recreation Management Plan” as it is not the Applicant whom desires public access across our proposed easement and lease areas. This request has consistently come from the Division of Forestry and therefore the Applicant would be willing to work with the Division of Forestry in their preparation of such a plan for mutual approval by the two parties.

The requirement for the Applicant to clear and level an approximate half-acre site is one imposed upon the Applicant by DMLW at the request of the Division of Forestry. **Thus the costs of this activity should be reflected in annual credits due the applicant towards our annual easement charges based upon the actual and documented charges to accomplish this task.**

Throughout this “Preliminary Decision” references are made by the Division of Forestry that the access we are constructing benefits the public by providing access to the subunit, allows for DOF to have opportunities for timber sales and forest management, and additionally benefits third parties. While Southern Energy supports these benefits we believe there is a value to them that is at this point not having been reflected in our annual easement fees.

Thus given these inherent values reflected by the agency comments within this document we believe our annual easement fees should be reduced to zero.

- Page 10 of 12. Recommendation. Term. Change from 30 year to 50 year.

August 13th, 2018 – Proposed Walker Lake ADL108655 EA/Easement Draft Comments:

- Page 10 of 12. Recommendation. Item #4. Change to DOF shall develop a public recreation and public access plan for approval by the Applicant prior to the issuance of this easement. The Applicant will work closely with the DOF in a positive manner to conclude this work and in support of the same.
- We are not sure why ADNR needs to approve of “pits” in our use of materials as it is usually only the materials themselves that are subject to approvals?
- As noted in our conversations with your office it is fully noted that we intend to reduce the entry easement areas upon final construction in order to reduce the total acreage area and the related long-term easement costs.

We sincerely appreciate all the effort the staff at DMLW and others have taken in regards to our application for this Easement and Early Entry Authorization.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'John Floreske Jr.', written over a horizontal line.

John Floreske Jr.
President
Southern Energy Inc.

Southern Energy Inc.
P.O. Box 489
Haines, Alaska 99827
John Floreske Jr., President
(907) 766-2899

November 1st, 2018
State of Alaska/ADNR
Chris Carpeneti
Division of Mining, Land and Water
400 Willoughby
P.O. Box 111020
Juneau, AK 99811-1020
Email: chris.carpeneti@alaska.gov

Re: Updated Development Plan Application
for Easements - Walker Lake Hydro

Dear Mr. Carpeneti,

Enclosed please find our updated "Development Plan" and "Mapping" from our most recent submittal on September 1st, 2016 for the easements associated with our Walker Lake Hydroelectric project located in Haines, Alaska per your request dated October 16th, 2018. This includes the following changes:

1. Removal of Easement E#1, (Existing Walker Lake Road Spur), and Easement E#2, (New Walker Lake Road Spur), on the original "Development Plan and original diagram – this was the alternative access route coming off Sunshine Mountain which we no longer need based upon recent surveys this past summer. Renumbering of our original Development Plan and map referencing the remaining two easements has been done due to these two deletions.
2. Penstock Access Rd. Route E#1, narrative and map changed to incorporated the additional footage needed to include the extension up to between dams #1 and #2..

We appreciate you taking the time to review our application and look forward to approval. Should you have any questions please contact me at (541) 261-3764.

Sincerely yours,

Darrell Maple for
John Floreske Jr.,
President, Southern Energy Inc.

**Walker Lake Penstock, Transmission Line & Access
Application for Easement
Development Plan
November 1st, 2018
Attachment "A"**

Written Development Plan.

- a. **Narrative describing the intended use and level of development.** The specific areas, (2 Subsections), requested in this easement application are in support of the proposed One Megawatt Walker Lake Hydroelectric Project. The project site can be accessed from the City of Haines downtown by following the Haines Highway, North to MP26. Then turning left, cross the Kleheni River Bridge. Continue about ½ mile to a "Y" and stay left following the "Little Salmon" road for 3 ½ miles. Just before the bridge over the Little Salmon River the powerhouse site is to the right approximately 200 yards on the hillside. Walker Lake is not accessible by road and is approximately 2 miles West of the powerhouse up the ravine.

The overall project includes the construction of 2 small dams adjacent to Walker Lake on the far S.E. end of the lake. The dams will be of rock fill and impervious material. Dam #2 will include a concrete intake structure, weir works, spillway and trash racks. A 24" PVC penstock will be buried from Dam #2 to the powerhouse site approximately 12, 000 feet, including a steel portion estimated to be 1000 to 2000'. All penstock will be buried where possible. The powerhouse, (approx. 26" x 38' building), will be located on a hillside above the Little Salmon River about 200 yards from the Little Salmon Bridge crossing. A tailrace will release the post turbine water into an approved Salmon Mitigation channel in consultation and under permit by ADF&G. An underground 12.5KV Transmission line will be located within the existing Haines Division of Forestry roadbed running East back towards the Khleni River Bridge a distance of 4 miles.

- b. **Legal Description.** Please see the specific easement locations shown as "Exhibits E-1 thru Exhibits E-2", submitted with this Development Plan and include the New Penstock and Access Road and the Existing Little Salmon Road.
- c. **Terrain/ground cover.** The facilities are located on steep, rocky ravines with intermittent spruce/fir trees. Small willows and other vegetation exist at the lower elevations adjacent to the powerhouse site and the Little Salmon River. Minor changes to the ground cover along the Penstock Route and at the location of the two dams and powerhouse will occur.
- d. **Access.** The project is very remote and outside of the existing access road, "Little Salmon Road" there is no access to the project site. A short extension, (few hundred yards), off the "Little Salmon Road" will access the powerhouse site. There is no planned public access to any of the project components.

**Southern Energy Inc. Application for Easement – Walker Lake/ADNR
Attachment “A”**

Written Development Plan cont.

- e. **Buildings and other structures.** The powerhouse will be constructed on a concrete foundation, concrete walls and steel roof. The dams are earthen core dams with concrete weir works, spillways and metal trash racks and are included in a separate Lease application. The penstock is a majority of PVC and smaller portion of steel, buried underground in all possible locations.
- f. **Power Source.** The project provides its own power as it is a proposed 1 Megawatt small hydroelectric plant. It is intended to provide power to the public utility grid and to others as sales agreements allow and within the purview of the Alaska Public Utilities Commission. Power will be provided to the dam site from the powerhouse for electronic monitoring, intake operation and trash works. Internal power will be self sufficient to the powerhouse as well as for external security purposes.
- g. **Waste water types, sources and disposal methods.** There are no planned waste water facilities.
- h. **Hazardous substances.** There are no known hazardous substances.
- i. **Water Supply.** The powerhouse will have an internal water supply not for public consumption.
- j. **Parking areas and storage areas.** The powerhouse site is intended with our separate lease application to provide sufficient access, parking, site development, electric related hardware storage and equipment area.
- k. **Number of people using the site.** There will only be periodic visits by electric plant operating personnel in the normal planned maintenance of the facility. Additional visits to various components by regulatory/permitting staff are also anticipated.
- l. **Maintenance and operations.** There is generally not much maintenance personnel assigned to the operation and maintenance of these type of facilities. Probably less than one part time person. Most operations can be done remotely by our computers in the main office at 1 Mile Haines Hwy, Haines, Alaska. From time to time additional maintenance work will be required on the penstock and at the two dams/intake facilities by a small construction crew. We generally do not use subcontractors. Our company President, John Floreske Jr. will be the primary person responsible as a licensed Master Electrician.
- m. **Closure and operations.** No closure plan as it is not a materials site.

Attachment "A"
Project Easements/Descriptions

Easement - E#1 . State of Alaska/ANDR – New Penstock and Access Road.

Project Component Description/Purpose.

This easement is for constructing and maintaining a new access road section and 24" penstock with related components. This easement begins on the Westerly end at the intake on the proposed Walker Lake Dam, (SE Corner of the Lake), and the connection route between dams #1 and 2. It then runs in an Easterly direction following the most appropriate paralleling topographic slope for a distance of approximately 12,000' passing thru Sections 3, 2 and a portion of Section 1, before dropping Southeasterly thru a steep slope an additional, (non- road section), estimated 1100' to the Powerhouse Site.

Ownership/Land Use & Planning Considerations/Public and/or Private Use.

The easement is on State Lands and the easement is required to be obtained from ADNR Division of Lands Section. Please note that this new access section may pass thru or be upon an identified Leasehold Locations Order #25. We have contacted the State Division of Forestry and they have advised they will have review authority in this area for two particular Haines State Forest Management Plan Subunits, (Public Recreation & Wildlife).

Easement Length/Width/Area & Other Design Considerations.

It will be necessary for the applicant to construct a new access road to the road construction standards of the State Forestry Divisions, Appendix A, "Typical Mainline Construction – Single Lane Width Turnouts". The construction easement length is approximately 12,000 feet and width is 100'. A permanent easement width of 50' is requested. An additional 1,100' is needed for the steel portion of the penstock that will not have a permanent road section due to the steepness of the grade.

Easement Legal Description. (subject to post-construction survey/plat done under ADNR instructions).

Meridian: Copper River Meridian,	Range 54 E	USGS Skagway B3 & B4
Township: 28S;	Section: 36	Qtr: SE 1/4
Meridian: Copper River Meridian,	Range 55 E	USGS Skagway B3 & B4
Township: 29 S;	Section: 3	Qtr: N 1/2
Township: 29 S;	Section: 2	Qtr: N 1/2
Township: 29 S;	Section: 1	Qtr: NW 1/4 & SW 1/4

Special Permitting Issues (if any).

See Haines State Forest Management Plan thru the Haines Div. of Forestry for compliance with LLO.

Other Information.

The Haines State Forestry Division may desire "limited" public access on this easement area for recreational use into Walker Lake. Access would limited to four wheelers and foot traffic.

Easement - E#2. State of Alaska/ADNR – Existing Little Salmon Road Bridge to “Y” West of Steel Bridge. Transmission Line and Access Road.

Project Component Description/Purpose.

This easement will include the use of the existing State of Alaska Division of Forestry road following the Little Salmon road from the intersection of the new Powerhouse Site access connection just North of the Little Salmon Bridge in a Northeasterly direction back to the “Y” just before the 26 Mile Steel Bridge. The purpose of the easement is for the applicant to install and maintain an underground 12.5 KV Transmission Line along the entire approximately 3.8 mile length.

Ownership/Land Use & Planning Considerations/Public and/or Private Use.

The easement is on State Lands and the easement is required to be obtained from ADNR Division of Lands Section.

Easement Length/Width/Area & Other Design Considerations.

It will only be necessary for the applicant to conduct minor rehabilitation of this section of existing roadway prior the installation of the transmission line. Finished construction will be to prior road conditions. The easement width will be within the current State Forestry Divisions permitted rights or at a minimum to the standard width shown in Appendix A, “Typical Mainline Construction – Single Lane With Turnouts”. The construction easement length is approximately 3.8 miles.

Easement Legal Description. (subject to post-construction survey/plat done under ADNR instructions).

Meridian: Copper River Meridian,	Range 55 E	USGS Skagway B3 & B4
Township: 29 S; Section: 1	Qtr: NE 1/4	
Meridian: Copper River Meridian,	Range 56 E	USGS Skagway B3 & B4
Township: 28S; Section: 33	Qtr: SE 1/4	
Township: 28 S; Section: 34	Qtr: All	
Township: 28S; Section: 27	Qtr: SE 1/4	
Township: 28S; Section: 26	Qtr: SW 1/4	

Special Permitting Issues (if any).

Haines State Division of Forestry Mgmt Plan Review including the Chilkat Bald Eagle Preserve Unit.

Other Information.

None

Attachment "B"
Mapping

Attached please find the Plan View for Walker Lake ADNR Lease and Easement Applications dated September 2016 as Exhibit B-1. This map shows the specific location of the requested Easements, (2 subsections) and the separate Lease application areas. This allows for an overall project view that includes all leases and easements needed from various parties. We are working with the University Lands Section out of Anchorage on the easement required from them.

Please note that we have also provided the approved, Army Corp of Engineers permit, dated January 8, 2013, to your staff at ADNR for their use as well. The Corp permit contains numerous maps and exhibits for your reference.

Map Legend

- Existing Main Sunshine Mtn Forest Acc. Rd
- Existing Little Salmon Road
- Powerhouse Site
- - - New Penstock/Access Road Route

Date of Revision: 11/1/18

Walker Lake Hydroelectric Project

FERC Project # 14346000
Exhibit #4. Figure 8
ADNR/University Easements

Mapping Information

Base Map from Alaska Map Maker
Drawing By: Darrell Maple, SEI Inc.

Project Easements

- Easement #1. State of Alaska - New Penstock and Access Road.
- Easement #2. State of Alaska - Existing Little Salmon Road: Bridge to "Y" West of Steel Bridge/Trans.
- Lease #1 State of Alaska - New Powerhouse Site and Access Road to Little Salmon Road Connect
- Lease #2. State of Alaska - Dam and Intake Structures

